

STATEMENT BY
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TO THE
JOINT APPROPRIATIONS COMMITTEE
OF THE
NEW JERSEY LEGISLATURE

APRIL 7, 1976

As Mayor of New Jersey's largest municipality, I am particularly distressed by Governor Byrne's fiscal 1977 budget. Newark, like most of the Nation's other older cities is presently facing its severest fiscal test since the depression.

In the preparation of Newark's 1976 budget I was confronted with the continuing realities of a shrinking revenue base, an archaic state tax structure, an increase in operational expenses and an unprecedented level of uncertainty regarding budgetary implications of pending action by other levels of government. New Jersey state government being one major source of uncertainty.

Admittedly, some aspects of the State's financial support of local government have been clear for some time and were incorporated into our budget process. Unfortunately, what was known about the State's plans was very disconcerting.

The Governor, again this year, eliminated many of the aids which municipalities received prior to 1975 and, in addition, made further cuts which will strongly affect local governments.

Although the State statute requiring distribution to municipalities of \$25 million in sales tax revenues is still on the books, the funds were not distributed in 1975 and the Governor again recommended that they not be distributed this year. Many municipal lay-offs could have been avoided by the availability of these funds.

State aid for county and municipal roads was again hard hit. The \$23 million in reductions suffered in 1975 have been carried through this year as well, with a slight offset of \$3 million in extraordinary road aids.

State aid for local libraries which amounted to \$10 million in 1974 was cut \$3 million last year and an additional \$2 million this year. The result is that library aid for fiscal year 1977 amounts to only \$5,169,000.

The Governor's budget represents, for the City of Newark alone, a loss of \$3,049,605.00 in 1976. The Newark programs cut and the dollars lost are as follows:

1. Replacement Revenue Bus Receipts Tax	\$ 298,432.11
2. State Sales Tax Aid Per Capita	1,335,021.04
3. State Road Aid - Formula Fund	132,602.00
4. State Aid Highway Lighting	18,720.00
5. State Health Aid (Ch. 36 Pl. 1966)	465,340.00
6. Urban Aid Funds	643,340.48
7. Financial Business Tax	61,300.00
8. D.C.A. Multiple Dwelling Law 1967	100,000.00

Before I proceed with the particulars of this budget's impact on Newark, I would like to make some general comments that I feel are relevant and indeed go to the heart of the discussions

you ladies and gentlemen are engaged in.

There appears to be a strong sentiment emerging in this State and, in fact, across the nation that big government is bad, that the more government attempts to do for Americans the less will Americans attempt to do for themselves. This view also embraces the belief that the limit of government intervention in the lives of its citizens has been long overreached. The time has long past for governmental retrenchment. It is only in this way that the ever increasing cost of sustaining the huge governmental bureaucracy at all levels can be brought under control.

While I understand the reasons behind this philosophy and accept the tenet of self-help, I am unwilling to embrace the view that less government is a viable answer to our nation's or our state's problems in the latter half of the twentieth century.

It is my basic belief that the scope of government must match the scope of the problems we as a people face and I submit that our current problems are of great magnitude. Allow me, therefore to focus on what I feel are the major drawbacks of Governor Byrne's retrenchment budget for fiscal 1977.

Let me begin by raising the issue of health care. The Governor proposes to cut the State's Consumer Health Services nearly \$300 million. This program deals with food inspection

services which it is reported would be turned over to local health agencies. Recent Legislation, S-130, places appropriate, but stringent minimum standards of service on municipal health departments. At the same time, local health services aid has been cut an additional \$2.3 million with no aid being granted for basic health services or equalization purposes. It is inconsistent to promulgate legislation of this type and not provide the means to bring to fruition the legislative intent.

Due to budget reductions the State Health Department has re-ordered its priorities relative to providing infectious disease vaccines and drugs to municipalities. Municipal dollars are not sufficient to purchase the difference between what the State is planning to provide and what is needed. The State has traditionally provided vaccines for measles, rubella, diphtheria, influenza and tetanus toxoid. The State has also traditionally provided antituberculosis and venereal disease control drugs.

The reduction in these critical biologicals and pharmaceutical products will leave the public severely under immunized and/or protected from increased incidence of tuberculosis and venereal diseases. The costs of prevention and control products are insignificant when compared to the cost of just one major epidemic of infectious disease in this State.

The proposed reduction or elimination of State Sanitary

Inspectors related to Food and Drug Inspections cannot be mitigated by transferring such responsibility to municipal inspectors. Municipalities are experiencing the same fiscal constraints as the State, if not worse. The reduction of State inspectors and the accompanying reduction in food inspections will most certainly provide unscrupulous proprietors with increased opportunities to wholesale and retail unsanitary foodstuffs, and profit at the expense of the public's health.

On a matter of great concern to the City of Newark, I am most anxious to endorse the implementation and operation of the Newark Comprehensive Health Services Plan. This Plan, while offering the State an alternative to the spiraling Medicaid costs, is an immediate opportunity for the citizens of Newark specially and the State in general to receive a dignified comprehensive approach to health care. Quality of care and economy can be synonymous when professionally administered. The Newark Comprehensive Health Services Plan proposes to apply business principles to the health industry. This is a prepaid program whose major thrust is containment of costs with a systematic delivery of health care.

The Plan's administration has shown an impressive ability for bringing this plan to the point of readiness for implementation in addition to its plans to have the organization at a financial

"break even" point at the end of a twenty-four (24) month operational period.

I heartily endorse this program and recommend that it be given the opportunity to arrest the deteriorating health problems of Newark which will also help the State solve its economic ills.

Health programs can not be considered in isolation, however, for, it is becoming increasingly evident that environmental protection programs equally affect the well-being of urban residents. In cities such as Newark, incidences of respiratory and health diseases are much higher than rural areas, due, in great part, to the prevalent adverse environmental conditions here.

In reviewing the budget for the Department of Environmental Protection, I am therefore very concerned about the following areas: solid waste, and open space management.

With space at landfill sites rapidly depleting, it is important that the Department be given funds for regional planning and the development of resource recovery systems. The City of Newark has already attempted to address the disposal problem through the development of a resource recovery plan. We urge that the State Legislature adopt the Department's proposed tipping tax to be levied on each ton of material dumped in the

state's landfills. Along with this legislation, we would urge that a minimum of \$1 million be made available for planning and demonstration purposes.

The Department of Environmental Protection has urged 40% budget reduction for the operation of state parks. The imposition of higher users fees had been proposed to off-set some of this cut. We are concerned, however, that this fee schedule will adversely affect those who can least afford such increases and who have a minimal number of recreational options. We would urge that the Legislature increase the operations budget for parks to present 1976 levels.

During the recent bus strike, it was evident that mass transit is crucial for effective movement and air pollution control in urban areas such as Newark. For many, including senior citizens, students and other urban residents, mass transit represents the sole mean of transit available. For others, such as the commuters who staff many of the offices in urban areas, mass transit is preferred to automobile usage.

In his budget, the Governor has proposed \$64 million for mass transit subsidies, although current projections indicate that \$122.2 million will be needed to maintain service at existing levels. The Department of Transportation has already proposed stringent efforts at generating additional revenues, including increased bus and rail fares, and the elimination of some

railroad stations. We would ask, however, that the Legislature give priority to the maintenance of existing service, even if it would mean an increase in cost to the commuter.

The Governor's cut-backs will have a significant impact on the level of consumer protection and education services within the City of Newark. Last year the Newark Office of Consumer Action (NOCA) received one hundred and twenty-five thousand (\$125,000) dollars from the State Department of Community Affairs. This figure represented approximately one third of this agency's budget allocation.

Newark Office of Consumer Action is designed to provide redress for Newark residents with consumer and municipal grievances, and also provides a comprehensive program in consumer education. These services are received via a network of five (5) field offices strategically located throughout the City.

This year, as a result of the budget crisis, this office will receive no state funding. The result will be a proportionate cut-back in consumer education and protection services for Newark residents and the possible closing of some of the field offices. It will also necessitate the elimination of at least ten (10) employees of this program.

Consumer protection services are particularly vital to an urban community of predominately low and middle income consumers.

The termination of state funding will seriously restrict Newark's ability to provide this needed service.

I also want to address an area of State government that has received a great deal of news coverage recently. Although cities had been crying for help for several years before, it was not until the early 1960's that society awoke to the fact that cities were really sick and not just malingering. Federal and State governments hurriedly devised hundreds of programs to combat these newly-discovered critical needs, resulting in a critical overlapping in many areas which saw similar programs being administered by five, ten, or even twenty different agencies.

The cities were simply not equipped to combat the confusing maze of programs. Projects often went begging because there was no central source of information or administration for municipal assistance.

The establishment of the Department of Community Affairs ended this confusion and provided a funnel where the hundreds of programs could be sorted, evaluated, and presented to municipalities in a coordinated fashion. Millions of dollars as well as untold manpower have been saved because of the Department's creation.

Abolishing the Department of Community Affairs would return cities to the same general situation as in the early 1960's.

There would be no central source of information or referral, and each city would be forced to fend for itself. The increase in local manpower requirements alone would be enough to justify continuation of the Department.

The Department of Community Affairs has proven to be a vital and necessary ally of all municipalities. Cities can now deal with one Commissioner who administers a wide variety of interconnected programs ranging from the Public Contracts Law to projects for senior citizens. The strength of the Department lies in this type of coordination which has been so important to New Jersey's cities.

As a final comment regarding the Department of Community Affairs, I would like to point out that this Department administers the Safe and Clean Streets Program. The elimination or severe reduction in the ability of the Department to function will have a detrimental effect on the administration of this program and consequently, on the maintenance of a satisfactory level of police services in Newark.

My record and support of an equitable system to support public education has been long and consistent. As I have indicated to you in the past, New Jersey's unwillingness to reform its present tax structure which relies heavily on local property taxes for public school revenues, continues to cripple the delivery of education and all other services in our urban

and less affluent municipalities. The Supreme Court has acted on this matter noting that the current structure is discriminatory both to pupils and adults and directed the legislature to enact and implement a more equitable system. While I am encouraged that the Assembly has voted and approved an income tax package, on past experiences with this issue, I am reluctant to become too optimistic until the Senate also acts and the Governor signs a new law. Until this becomes a reality and new funds are flowing into school districts I cannot support and indeed, I am disappointed and disturbed by the Governor's budget which continues, and in some instances increases the burden of education costs on urban and poor school districts.

In conclusion, let me express my hope that after you have reviewed these comments you will agree with me that this stringent budget can not be allowed to stand. Perhaps in time of better economic health the varying communities of New Jersey could absorb the kind of program cut-backs and reductions in State aid that this budget proposes. This unfortunately, is a time when just the opposite is true. Our cities revenue base is steadily decreasing, our local property taxes are becoming confiscatory and our citizens needs for expanded social services continue to increase. These realities make it absolutely impossible for New Jersey's cities to quietly contenance this budget.

Thank you.